

Department of Environmental Quality

JLBC: John Malloy
OSP: Marcel Benberou

DESCRIPTION	FY 2003 ACTUAL	FY 2004 ESTIMATE	FY 2005	
			OSP	JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	496.1	495.1		495.1
Personal Services	11,176,700	11,371,900		11,371,900
Employee Related Expenditures	2,712,800	2,841,300		2,841,300
Professional and Outside Services	96,400	140,000		140,000
Travel - In State	190,700	169,100		169,100
Travel - Out of State	10,200	28,600		28,600
Other Operating Expenditures	5,570,600	6,652,600		6,708,200
Equipment	104,300	122,200		122,200
OPERATING SUBTOTAL	19,861,700	21,325,700		21,381,300
SPECIAL LINE ITEMS				
Waste Programs				
WQARF Priority Site Remediation	10,000,000	10,000,000		10,000,000
Underground Storage Tank Program	5,000	22,000		22,000
Hazardous Waste Program	467,800	695,600		695,600
Solid Waste Program	2,186,400	3,310,200		3,310,200
Waste Tire Program	37,400	206,600		206,600
Water Programs				
Aquifer Protection Permit Program	744,800	740,800		740,800
Water Quality Program	1,601,100	3,736,900		3,736,900
Water Infrastructure Finance Authority	1,971,300	2,445,100		2,445,100
Air Programs				
Air Permits Administration Program	5,091,800	5,384,700		5,384,700
Air Quality Program	3,431,000	4,496,000		4,496,000
Emissions Control Program-Administration	2,512,200	3,953,500		3,953,500
Emissions Control Contractor Payment	25,182,300	31,739,600		31,739,600
Pima County Air Quality Programs	165,000	165,000		165,000
AGENCY TOTAL	73,257,800	88,221,700		88,277,300
FUND SOURCES				
General Fund	22,671,800	22,844,700		22,844,700
<u>Other Appropriated Funds</u>				
Air Permits Administration Fund	5,091,800	5,384,700		5,384,700
Air Quality Fund	3,596,000	4,661,000		4,661,000
Emissions Inspection Fund	27,694,500	35,693,100		35,693,100
Hazardous Waste Management Fund	467,800	695,600		695,600
Indirect Cost Recovery Fund	9,906,000	11,666,900		11,722,500
Recycling Fund	1,537,400	2,091,100		2,091,100
Solid Waste Fee Fund	596,300	1,294,800		1,294,800
Underground Storage Tank Fund	5,000	22,000		22,000
Used Oil Fund	90,100	130,900		130,900
Water Quality Fee Fund	1,601,100	3,736,900		3,736,900
SUBTOTAL - Other Appropriated Funds	50,586,000	65,377,000		65,432,600
SUBTOTAL - Appropriated Funds	73,257,800	88,221,700		88,277,300
Other Non-Appropriated Funds	142,683,300	148,858,400		145,523,400
Federal Funds	15,944,300	20,704,900		20,704,900
TOTAL - ALL SOURCES	231,885,400	257,785,000		254,505,600

CHANGE IN FUNDING SUMMARY

FY 2004 to FY 2005 JLBC

	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	55,600	0.1%
Total Appropriated Funds	55,600	0.1%
Non Appropriated Funds	(3,335,000)	(2.0%)
Total - All Sources	(3,279,400)	(1.3%)

AGENCY DESCRIPTION — The Department of Environmental Quality's (ADEQ) purpose is to protect human health and the environment by enforcing standards of quality for Arizona's air, water, and land. The department's Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors and assesses the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the clean up (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and waste water systems, monitors and assesses waters of the state, and provides hydrologic analysis to support hazardous site remediation.

	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Recommend.
PERFORMANCE MEASURES				
• % of contaminated sites closed requiring no further action (cumulative) versus known sites	78.0	72.6	78.0	73.0
• Vehicles that have failed inspection and later brought into compliance (in thousands)	180.0	163.0	166.0	163.0
• % of statutorily set permit timelines met through Licensing Time Frames rule	99	99	99	99
• Number of days per year exceeding National Ambient Air Quality Standards for Ozone, Carbon Monoxide, or Particulates	0	0	0	0
• % of agency staff turnover	13.0	8.6	11.7	8.6
• Administration as a % of total cost	12.6	3.8	12.6	3.8
• Customer satisfaction rating for citizens (Scale 1-8)	6.0	6.6	7.4	6.6

Comments: The estimates of administrative cost include approximately \$33,000,000 in Vehicle Emissions Inspection contractor fees as part of total agency costs in each year. The administrative cost percentages were calculated by dividing the Administration Program expenditures into total agency expenditures as presented in the agency strategic plan.

RECOMMENDED CHANGES FROM FY 2004**Special Line Items****Operating Budget**

The JLBC recommends \$21,381,300 for the operating budget in FY 2005. This amount includes \$9,658,800 from the General Fund and \$11,722,500 from the Indirect Cost Recovery Fund. These amounts would fund the following adjustments:

Lease Costs	GF	\$0
	OF	\$55,600

The JLBC recommends no change from the General Fund for increased lease costs. The agency would absorb a FY 2005 lease increase of \$24,300 within their Other Operating Expenditures. Within its budget, the agency has the discretion to shift these monies from other line items.

The JLBC recommends an increase of \$55,600 from the Indirect Cost Recovery Fund for lease costs.

Waste Programs**WQARF Priority Site Remediation**

The JLBC recommends a suspension of the statutory funding formula increase for the Water Quality Assurance Revolving Fund (WQARF) program. The recommended suspension will continue funding for the WQARF program at the FY 2004 level (\$10,000,000 in General Fund monies). The WQARF program is similar to the federal Superfund program in that it is designed to monitor and remediate contaminated groundwater at specified sites. Program expenditures include searching for responsible polluters, conducting risk assessments and remediation feasibility studies, and contracting for remediation services.

WQARF is funded in part from an annual \$15,000,000 transfer from the Corporate Income Tax (CIT), as stipulated in A.R.S. § 49-282. In addition, WQARF generates other revenue from various license and

registration fees. A.R.S. § 49-282 directs the State Treasurer to adjust the \$15,000,000 CIT transfer so that, when combined with the WQARF fee generated revenue, the program receives \$18,000,000 annually. Some types of revenue, including cost recovery collections and interest, are not included in this calculation. Therefore, actual program revenues can exceed \$18,000,000 in a year depending on how much is deposited from these other sources.

For FY 2004, the statutory transfer formula was temporarily suspended in favor of a fixed \$10,000,000 CIT transfer. For FY 2005, the JLBC recommends continuing both the suspension of the funding formula and the FY 2004 level of funding. Given that these statutory provisions determine the funding level, these monies are not included in the General Appropriation Act. (*See JLBC Recommended Statutory Changes for additional information.*)

Underground Storage Tank Program

The JLBC recommends \$22,000 from the Underground Storage Tank Fund for the Underground Storage Tank (UST) Program in FY 2005. This amount is unchanged from FY 2004.

Monies in the UST Program are utilized to detect and clean up hazardous leakage from USTs. The program's regulatory component is funded from annual tank registration fees. The clean-up component is funded from a 1¢ per gallon excise tax on gasoline and diesel fuel.

The excise tax is deposited into the UST Fund's State Assurance Fund (SAF). Monies in the SAF are used to partially reimburse tank owners for corrective actions due to leaking tanks and to reimburse ADEQ for actions taken by the agency. The vast majority of fund revenues are not appropriated by the Legislature, however the recommended amount includes \$22,000 from the SAF in FY 2005 to pay the operating costs of the Underground Storage Tank Technical Appeals Panel and the Underground Storage Tank Policy Commission.

Hazardous Waste Program

The JLBC recommends \$695,600 from the Hazardous Waste Management Fund for the Hazardous Waste Program in FY 2005. This amount is unchanged from FY 2004.

Monies in this line item are used to regulate and inspect hazardous waste treatment, storage and disposal facilities. It educates hazardous waste handlers on how to comply with federal and state standards. It also oversees cleanup of hazardous waste sites. The Hazardous Waste Program contains 10.4 FTE Positions.

Solid Waste Program

The JLBC recommends \$3,310,200 for the Solid Waste Program in FY 2005. This amount includes \$2,091,100 from the Recycling Fund, \$1,088,200 from the Solid

Waste Fee Fund and \$130,900 from the Used Oil Fund. This amount is unchanged from FY 2004.

This program is responsible for issuing permits to landfills and other solid waste facilities, conducting facility inspections, initiating remediation actions related to compliance issues, and recycling grants and public information. The program includes 22.4 FTE Positions that are funded from the Solid Waste Fee Fund (13 FTE Positions), the Recycling Fund (8.4 FTE Positions) and the Used Oil Fund (1 FTE Position).

Waste Tire Program

The JLBC recommends \$206,600 from the Solid Waste Fee Fund for the Waste Tire Program in FY 2005. This amount is unchanged from FY 2004.

This program oversees county programs that dispose of and/or recycle waste tires. The Waste Tire Program SLI contains 2.8 FTE Positions.

Water Programs

Aquifer Protection Permit Program

The JLBC recommends \$740,800 from the General Fund for the Aquifer Protection Permit Program in FY 2005. This amount is unchanged from FY 2004.

This program issues aquifer protection permits to facilities whose activities, including waste discharges, pose a threat to groundwater. The program also reviews facility plans for waste discharge. The Aquifer Protection Permit Program contains 14.7 FTE Positions.

Water Quality Program

The JLBC recommends \$3,736,900 from the Water Quality Fee Fund for the Water Quality Program in FY 2005. This amount is unchanged from FY 2004.

This program contains 29.6 FTE Positions and ensures water quality by monitoring and regulating drinking and wastewater sources.

Water Infrastructure Finance Authority (WIFA)

The JLBC recommends \$2,445,100 from the General Fund for the Water Infrastructure Finance Authority in FY 2005. This amount is unchanged from FY 2004.

WIFA administers the Clean Water Revolving and the Safe Drinking Water Revolving Funds, which are used to make loans to wastewater treatment and drinking water facilities in need of infrastructure improvements. Under the Federal Clean Water Act, Arizona receives a Federal Fund allocation to be used for loans each year. The act requires that states match the federal allocation at 20%.

Air Programs

Air Permits Administration Program

The JLBC recommends \$5,384,700 from the Air Permits Administration Fund for the Air Permits Administration Program in FY 2005. This amount is unchanged from FY 2004.

This program regulates and inspects stationary air pollution sources, including enforcement actions necessary to comply with federal clean air regulations. The Air Permits Administration SLI contains 61.4 FTE Positions.

Air Quality Program

The JLBC recommends \$4,496,000 from the Air Quality Fund for the Air Quality Program in FY 2005. This amount is unchanged from FY 2004

Expenditures are for air quality research and programs to bring non-attainment areas into attainment with federal clean air standards. Revenues to the fund are from the \$1.50 air quality fee collected at the time of vehicle registration. The Air Quality Program SLI contains 26.8 FTE Positions.

Emissions Control Program

The Emissions Control Program is operated by an independent contractor in Maricopa and Pima Counties, with the purpose of identifying and repairing polluting motor vehicles. Vehicle owners in Maricopa County are subject to either an Inspection and Maintenance (IM-147) or On-Board Diagnostic inspection if the vehicle was manufactured in 1981 or after, or a loaded idle inspection if the vehicle was manufactured prior to 1981. Pima County vehicle owners are subject only to the idle inspection. The program is funded through test fees that are charged to motorists at the time of inspection.

The contractor collects the test fee and remits the entire portion for deposit in the Vehicle Emission Inspection (VEI) Fund. Monies are then appropriated from the VEI Fund to either pay for ADEQ's program administration costs or to pay the independent contractor's operational expenses.

Table 1 displays the components of the Emission Control Program appropriations from the Emissions Inspection Fund in FY 2005.

Table 1	
Emission Control Program	
	<u>FY 2005</u>
Program Administration	\$ 3,953,500
Contractor Payment	<u>31,739,600</u>
Total	<u>\$35,693,100</u>

Emissions Control Program -

Administration

The JLBC recommends \$3,953,500 from the VEI Fund for the Emissions Control Program in FY 2005. This amount is unchanged from FY 2004.

This line item includes activities such as providing program information and assistance to the public, reviewing the eligibility of those seeking vehicle repair grants or test waivers, and overseeing the inspection contract. These activities are funded from the administrative portion of the inspection fee, which is set by ADEQ. The Emissions Control Program - Administration SLI contains 39 FTE Positions.

Emissions Control Contractor

Payment

The JLBC recommends \$31,739,600 from the VEI Fund for the Emissions Control Contractor Payment in FY 2005. This amount is unchanged from FY 2004.

Monies appropriated to this line item are to pay the Emissions Control Program contractor. Under the contract, the contractor remits the entire amount of the fee to ADEQ for deposit in the VEI Fund. ADEQ will then determine the amount due to the contractor based on the number of vehicles inspected and make payments to the contractor on a regular basis.

Pima County Air Quality Programs

The JLBC recommends \$165,000 from the Air Quality Fund for the Pima County Air Quality Programs in FY 2005. This amount is unchanged from FY 2004.

Monies in this line item are for use by Pima County to establish air quality public notification and outreach programs, to minimize exposure to particulate matter concentrations, and for abatement and minimization of controllable sources of particulate matter through best available control measures.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

The Department of Environmental Quality shall report annually to the Legislature in writing on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. The department shall submit the report to the members of the Joint Legislative Budget Committee and to the Director of the Joint Legislative Budget Committee Staff by September 1, 2004.

Pursuant to A.R.S. § 49-282, the Department of Environmental Quality shall submit a FY 2006 budget for the Water Quality Assurance Revolving Fund before September 1, 2004, for review by the House of Representatives and Senate Appropriations Committees.

The amounts appropriated for the Water Infrastructure Finance Authority in FY 2005 shall be used to provide a 20% match of the FY 2005 federal Safe Drinking Water and Clean Water Revolving Fund allocations to this state. Of the amount appropriated, any amount in excess of the required 20% match reverts to the state General Fund.

The appropriation from the Air Permits Administration Fund is an estimate representing all monies distributed to this fund, including balance forward, revenue and transfers during FY 2005. These monies are appropriated to the Arizona Department of Environmental Quality for the purposes established in A.R.S. § 49-455. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Air Permits Administration Fund.

The monies appropriated in the Pima County Air Quality Programs Special Line Item are for use by Pima County to avoid being declared in non-attainment of particulate matter standards by establishing public notification and outreach programs, minimizing exposure to particulate matter concentrations and to abatement and minimization of controllable sources of particulate matter through Best Available Control Measures. Of the monies in the Pima County Air Quality Programs Special Line Item in FY 2005, \$50,000 shall be used for carbon monoxide monitoring as required by the Pima County Limited

Maintenance Plan with the Federal Environmental Protection Agency.

Up to \$1,250,000 of the state General Fund appropriation may be used temporarily to maintain existing environmental programs for which an application for Federal Funds has been submitted.

When expenditures from the Hazardous Waste or Environmental Health Reserves are authorized, the Director of the Department of Environmental Quality shall report the nature of the emergency and the authorized expenditure amount to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees and the Director of the Joint Legislative Budget Committee.

Deletion of Prior Year Footnotes

The JLBC recommends deleting a footnote related to delays in the issuance of water quality permits. This was a one-time footnote specific to FY 2004 budget reductions.

The JLBC recommends deleting a one-time footnote requiring a report from the WQARF Advisory Board on how the agency could reduce WQARF program administrative expenses.

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends reducing the statutory transfer of Corporate Income Tax revenues into the Water Quality Assurance Revolving Fund from \$15,000,000 to \$10,000,000. (See the "WQARF Priority Site Remediation" SLI above for additional information.)

SUMMARY OF FUNDS

Air Permits Administration (EVA2328/A.R.S. § 49-455)

Appropriated

Source of Revenue: Permit fees and interest.

Purpose of Fund: To pay the reasonable direct and indirect costs required to develop and administer federal permit program requirements to pay the costs of administering permits or permit revisions, and to pay inspection costs.

Funds Expended

Year-End Fund Balance

5,091,800

2,622,100

5,384,700

2,424,800

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Air Quality (EVA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Monies received from a \$1.50 fee assessed on motor vehicle registrations and gifts, grants and donations, and legislative appropriations. Beginning July 1, 2003 the fund will receive a fee that owners of vehicles 5 years old or newer may pay in-lieu of the vehicle emission inspections (A.R.S. § 49-543). (<i>See Air Quality – Clean Air Sub-Account below</i>).		
Purpose of Fund: To pay the costs of air quality research, experiments, education, and programs conducted by or for the department. Also to provide an annual \$400,000 transfer to the Department of Administration for state employee travel reduction programs and annual appropriations for the Department of Weights and Measures Oxygenated Fuels and Vapor Recovery programs. (<i>See individual agencies for further description.</i>)		
Funds Expended	3,596,000	4,661,000
Funds Appropriated		
Department of Weights and Measures	1,172,300	1,228,000
Department of Transportation	51,100	55,700
Department of Administration (Bus Subsidy)	475,400	475,400
Funds Transferred		
Department of Administration (Travel Reduction)	400,000	400,000
Year-End Fund Balance	4,998,500	4,075,700
Air Quality - Clean Air Sub Account (EVA9599/A.R.S. § 49-551)		Non-Appropriated
Source of Revenue: A fee that owners of vehicles 5 years or older pay in-lieu of the vehicle emissions inspections, expected to total \$14.7 million in FY 2005. The FY 2004 Public Finance Omnibus Reconciliation Bill (ORB) deposited the first \$11.7 million of in-lieu fees to the General Fund for FY 2005.		
Purpose of Fund: 5% of fee revenues may be used for administrative costs, with the balance distributed for the following programs:		
1. 5% for the Voluntary Lawn and Garden Equipment Emissions Reduction Program; 2. 15% for the Voluntary Vehicle Repair and Retrofit Program; 3. 30% for the Diesel Vehicle Low Emissions Incentive Grant Program; 4. 10% for the voluntary accelerate purchase of Tier 2 and Tier 3 non-road equipment; 5. 15% for grants to counties with populations fewer than 400,000 for travel reduction programs; 6. 25% for other air quality programs and measures.		
Revenue	0	3,000,000
Transfer from Arizona Clean Air Fund	0	3,143,500
Funds Expended	0	3,000,000
Year-End Fund Balance	0	3,143,500
Brownfields Cleanup Revolving Loan (EVA2456/A.R.S. § 49-218)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal grants, loan repayments, interest, penalties, gifts and donations.		
Purpose of Fund: To provide loans to eligible parties to perform non time-crucial removal of hazardous waste contamination on sites accepted into the State Voluntary Remediation Program.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Arizona Clean Air (EVA1238/A.R.S. § 41-411)		Non-Appropriated
Source of Revenue: The Arizona Clean Air Fund (ACAF) had 5 revenue sources prior to its elimination. Their descriptions are as follows:		
1) State agency appropriations for purchasing or converting alternative fuel vehicles that have not been spent by the end of each fiscal year. To date, this source has not generated any revenue for the fund. 2) Monies from the ADEQ Vehicle Repair Grant program that have not been spent at the end of each fiscal year. 3) A fee that owners of vehicles 5 years old or newer may pay in lieu of the vehicle emission inspections (A.R.S. § 49-543). This revenue source shifted to the Air Quality Fund beginning July 1, 2003. 4) A minimum of 29% of revenues from computerized bingo or Pick-3 games and a minimum of 21.5% of revenues from instant bingo games after obligations are met to the Heritage Fund. 5) Gifts, grants, donations and interest.		
Purpose of Fund: To provide grants for alternative fuel vehicles and diesel vehicle conversion grants. For this table we assume that all monies available for discretionary spending will be fully utilized in the fiscal year that the funds become available. Beginning July 1, 2003, the revenue source and activities of this fund shifts to the Air Quality Fund (<i>See Air Quality – Clean Air Sub-Account for more information.</i>).		

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Revenues:		
Balance Forward	0	6,478,500
Operating Transfers In	8,634,600	0
In-lieu Fees	11,709,400	0
Interest	115,600	0
Total Revenues	20,459,600	6,478,500
Funds Expended:		
<u>Required Transfers</u>		
Voluntary Vehicle Repair & Retrofit Program	2,600,000	0
WQARF	0	2,500,000
<u>Prior Year Diesel Grants</u>	0	835,000
<u>Brown Cloud Study</u>	800,000	0
<u>Discretionary Spending</u>	281,100	0
Funds Expended	3,681,100	3,335,000
Transfer to Air Quality - Clean Air Subaccount	0	3,143,500
Year-End Fund Balance	6,478,500	0
Clean Water Revolving (EVA2254/A.R.S. § 49-1221)	Non-Appropriated	
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: To make loans for capital improvements at wastewater treatment facilities of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to wastewater treatment plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund.		
Funds Expended from the General Fund	1,433,200	1,433,200
Other Funds Expended	54,494,300	52,750,900
Year-End Fund Balance	27,642,700	44,983,800
Donations (EVA3006/A.R.S. § 49-104)	Non-Appropriated	
Source of Revenue: Various donations, settlements, and consent decrees.		
Purpose of Fund: To administer the intent of the donation, settlement or decree.		
Funds Expended	159,900	107,700
Year-End Fund Balance	382,300	290,500
Drinking Water Revolving (EVA4320/A.R.S. § 49-1241)	Non-Appropriated	
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: To make loans to drinking water facilities, including forgivable principal, of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to drinking water plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund.		
Funds Expended from the General Fund	1,551,900	1,551,900
Other Funds Expended	44,011,800	44,129,500
Year-End Fund Balance	19,654,600	32,153,800
Emissions Inspection (EVA2082/A.R.S. § 49-544)	Appropriated	
Source of Revenue: Legislative appropriations, test fees, fleet certificate fees, private grants, donations, and federal grants.		
Purpose of Fund: To pay for enforcement of fleet inspections, exemptions, and certificates of waiver programs; to pay Emissions Inspection program contract and administrative charges, including station auditing, contractor training and certification, and motorist assistance; to pay for state portion of catalytic converter program costs, and to pay for research studies of the feasibility and effectiveness of new emission control technologies.		
Funds Expended	27,694,500	35,693,100
Year-End Fund Balance	1,477,300	878,200
Federal (EVA2000/A.R.S. § 49-104)	Non-Appropriated	
Source of Revenue: Federal grants related to water quality management, underground storage tank enforcement provisions, air pollution control, a variety of research projects, and other programs.		
Purpose of Fund: To be used as specified by federal law.		
Funds Expended	15,944,300	20,704,900
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Greenfields Program (EVA2309/A.R.S. § 49-157)	Non-Appropriated	
Source of Revenue: Legislative appropriations and program fees. Initial General Fund appropriations of \$100,000 in FY 1998 and \$70,000 in FY 1999 made at the beginning of the pilot program were intended as start-up monies and will be paid back as fees are collected.		
Purpose of Fund: To remediate parcels of land that have soil contamination and return them to productive use. ADEQ will review and approve remediation plans submitted by certified remediation specialists.		
Funds Expended	0	0
Year-End Fund Balance	165,700	165,700
Hazardous Waste Management (EVA2178/A.R.S. § 49-927)	Appropriated	
Source of Revenue: Legislative appropriations, hazardous waste treatment, storage, and disposal permit fees, and hazardous waste generation and transportation fees.		
Purpose of Fund: To pay educational, permitting, planning, and enforcement costs of the Hazardous Waste Program; to provide administration and state matching funds for federal source reduction grants. A portion of the fund is transmitted to the Emergency Response Fund for staffing and equipping local emergency management agencies.		
Funds Expended	467,800	695,600
Year-End Fund Balance	695,200	350,100
IGA & ISA (EVA2500/A.R.S. § 49-104)	Non-Appropriated	
Source of Revenue: Grants and intergovernmental agreements between state agencies and local governments.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	756,700	1,086,900
Year-End Fund Balance	0	0
Indirect Cost Recovery (EVA9000/A.R.S. § 49-104)	Appropriated	
Source of Revenue: Monies transferred from the department's appropriated and non-appropriated funds, including federal grants.		
Purpose of Fund: To pay departmentwide administrative and overhead costs. Administrative expenditures include supporting the Director's office, the Deputy Director's office, and other agencywide administrative functions. Overhead expenditures include rent, Risk Management, telephone contracts, copy service, data center charges, etc.		
Funds Expended	9,906,000	11,666,900
Year-End Fund Balance	3,096,200	2,194,300
Institutional and Engineering Control (EVA4240/A.R.S. § 49-159)	Non-Appropriated	
Source of Revenue: Application fees for department's assessment and verification of restricted, non-residential, use of contaminated land, recovered costs for repair of engineering and institutional controls, grants, donations, and legislative appropriations.		
Purpose of Fund: To pay the department's cost of enforcing the use of engineering and institutional controls in environmental remediations on contaminated properties.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Intergovernmental Agreements (EVA2180/A.R.S. § 49-104)	Non-Appropriated	
Source of Revenue: Grants and intergovernmental agreements from various public entities, including the Game and Fish Department and the Water Protection Commission.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	160,700	0
Year-End Fund Balance	0	0
Monitoring Assistance (EVA2308/A.R.S. § 49-360)	Non-Appropriated	
Source of Revenue: Fees from public water systems that participate in the Monitoring Assistance program.		
Purpose of Fund: To assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.		
Funds Expended	954,100	972,900
Year-End Fund Balance	1,055,400	931,200

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Recycling (EVA2289/A.R.S. § 49-837)		Appropriated
Source of Revenue: Landfill disposal (tipping) fees and legislative appropriations.		
Purpose of Fund: For grants to local governments and others for developing recycling markets and programs; for public information and assistance on source reduction and recycling; and for revenue collection and fund administration.		
Funds Expended	1,537,400	2,091,100
Year-End Fund Balance	1,885,300	1,844,200
Small Water Systems (EVA2225/A.R.S. § 49-355)		Non-Appropriated
Source of Revenue: Penalties for violations related to potable water systems and interest.		
Purpose of Fund: To provide information and assistance to small water systems for improving compliance with drinking water system standards.		
Funds Expended	0	0
Year-End Fund Balance	2,800	2,900
Solid Waste Fee (EVA3110/A.R.S. § 49-881)		Appropriated
Source of Revenue: Fees, donations, and legislative appropriations.		
Purpose of Fund: To pay solid waste program costs, including tire fire cleanup expenses, special waste facility staff education, special waste management compliance monitoring, and used oil handling education and enforcement.		
Funds Expended	596,300	1,294,800
Year-End Fund Balance	561,900	377,100
Technical Appeals Program (EVA3411/A.R.S. § 49-116)		Non-Appropriated
Source of Revenue: Legislative appropriations and dispute resolution fees.		
Purpose of Fund: To pay the costs of implementing and administering a technical appeals process for specified WQARF site registry and work plan review decisions.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Used Oil (EVA3500/A.R.S. § 49-818)		Appropriated
Source of Revenue: Legislative appropriations and penalties for misuse of used oil.		
Purpose of Fund: For costs associated with the collection and analysis of used oil fuel samples.		
Funds Expended	90,100	130,900
Year-End Fund Balance	142,800	14,700
NOTE: The Underground Storage Tank (UST) Fund is displayed first as a fund summary, then by individual account.		
Underground Storage Tank (UST Summary) (EVA2271/A.R.S. § 49-1015(A))		Non-Appropriated
Source of Revenue: See each account for specific revenue sources.		
Purpose of Fund: See each account for specific account purpose.		
Balance Forward	54,578,100	52,713,700
Revenue	29,682,700	29,931,100
Funds Available	84,260,800	82,644,800
Non-Appropriated Funds Expended	25,542,100	31,479,800
Appropriated Funds Expended	5,000	22,000
Year-End Fund Balance	52,713,700	51,143,000

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
UST - Area A Assurance Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Area A (Maricopa County) excise tax revenues, cost recovery, and interest. The excise tax is a 1¢/gallon tax on regulated substances, such as gasoline.		
Purpose of Fund: To provide partial coverage of corrective actions to underground storage tanks and to reimburse ADEQ if the state is required to take corrective action in Area A.		
Balance Forward	19,538,000	20,417,300
Revenue	13,615,700	13,730,000
Funds Available	33,153,700	34,147,300
Non-Appropriated Funds Expended	10,336,400	13,982,000
Year-End Fund Balance	20,417,300	20,165,300
UST - Cleanup Municipalities (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: A one-time transfer of \$5,000,000 of vehicle license tax revenues in FY 2001, as provided by Laws 2000, Chapter 354.		
Purpose of Fund: To partially reimburse school districts, counties, cities, towns, hospitals, and certain small businesses for costs of cleaning up leaking tanks.		
Balance Forward	2,540,200	2,498,800
Revenue	52,800	45,000
Funds Available	2,593,000	2,543,800
Non-Appropriated Funds Expended	94,200	910,000
Year-End Fund Balance	2,498,800	1,633,800
UST - Grant Account (EVA2271/A.R.S. § 49-1071)		Non-Appropriated
Source of Revenue: Ten percent of a 1¢/gallon excise tax on regulated substances, one-time tank fees levied in 1990, and interest. Amounts received from the excise tax are statutorily capped at \$5,600,000; the account reached this cap in August 1994, and since then the only fund revenue has been interest.		
Purpose of Fund: To provide grants, up to \$100,000, to UST owners/operators for the purposes of meeting tank performance standards, removing tanks for closure or replacement, or paying the portion of corrective action costs that are less than the deductible amount under the Assurance Fund. The Grant Account was divided into the Area A and Non-Maricopa County Accounts by Laws 1993, Chapter 1, 6 th Special Session. The table below depicts the entire Grant Account.		
Balance Forward	459,700	467,500
Revenue	7,800	0
Funds Available	467,500	467,500
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	467,500	467,500
UST - Municipal Tank Closure and Corrective Action (EVA2271 /A.R.S. § 49-1073)		Non-Appropriated
Program Account		
Source of Revenue: Legislative appropriations, gifts, grants, donations. Laws 2001, Chapter 341 transferred all monies remaining in the UST Grant Account to this account on December 31, 2001. The estimated amount transferred was \$2,300,000.		
Purpose of Fund: To perform permanent closures and corrective actions on underground storage tanks in cities and towns requesting assistance. Cities and towns must have less than 15,000 people to be eligible for the program.		
Balance Forward	1,862,100	1,831,200
Revenue	42,100	38,500
Funds Available	1,904,200	1,869,700
Non-Appropriated Funds Expended	73,000	450,000
Year-End Fund Balance	1,831,200	1,419,700

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
UST - Non-Maricopa County Assurance Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Non-Maricopa County excise tax revenues, cost recovery, and interest. The excise tax is a 1¢/gallon tax on regulated substances, such as gasoline.		
Purpose of Fund: To provide partial coverage of corrective actions to underground storage tanks and to reimburse ADEQ if the state is required to take corrective action in areas other than Area A.		
Balance Forward	27,893,800	25,726,600
Revenue	15,126,700	15,300,600
Funds Available	43,020,500	41,027,200
Non-Appropriated Funds Expended	13,693,900	14,657,200
Year-End Fund Balance	25,726,600	26,370,000
UST - Regulatory Account (EVA2271/A.R.S. § 49-1051)		Non-Appropriated
Source of Revenue: Annual tank fees (\$100/tank) and interest.		
Purpose of Fund: To carry out the state regulatory program, state-initiated corrective actions, and cost recovery activities.		
Balance Forward	1,900,700	1,707,400
Revenue	817,600	795,000
Funds Available	2,718,300	2,502,400
Non-Appropriated Funds Expended	1,010,900	1,480,600
Year-End Fund Balance	1,707,400	1,021,800
UST - Policy Commission (EVA2271/A.R.S. § 49-1092)		Non-Appropriated
Source of Revenue: Fund receives \$12,000 from the State Assurance Fund to cover operating costs		
Purpose of Fund: To assist the UST Policy Commission review and provide recommendations to improve the UST Program.		
Balance Forward	363,600	37,600
Revenue	10,000	12,000
Funds Available	373,600	49,600
Non-Appropriated Funds Expended	333,700	0
Appropriated Funds Expended	2,300	12,000
Year-End Fund Balance	37,600	37,600
UST - Technical Appeals (EVA2271/A.R.S. § 49-1093)		Non-Appropriated
Source of Revenue: Fund receives an annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To assist the UST Technical Appeals panel.		
Balance Forward	20,000	27,300
Revenue	10,000	10,000
Funds Available	30,000	37,300
Non-Appropriated Funds Expended	0	0
Appropriated Funds Expended	2,700	10,000
Year-End Fund Balance	27,300	27,300
Voluntary Lawn and Garden Equipment Emissions Reduction (EVA2306/A.R.S. § 49-474)		Non-Appropriated
Source of Revenue: Fund receives an annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.		
Purpose of Fund: To provide vouchers for the retirement of residential and commercial lawn mowers. Residential owners receive a \$100 voucher to be used toward the purchase of an electric mower. Commercial owners receive a \$200 voucher to be used toward the purchase of a mower that generates lower emissions.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2003 Actual	FY 2004 Estimate
Voluntary Remediation (EVA4230/A.R.S. § 49-187)		Non-Appropriated
Source of Revenue: Legislative appropriations, program fees, cost reimbursements, gifts, grants, and donations. In addition, in FY 2001-FY 2004 the fund receives a transfer of \$350,000 from the Water Quality Assurance Revolving Fund.		
Purpose of Fund: To pay the department's oversight costs of voluntary clean-ups of contaminated properties, including application, monitoring, and enforcement activities.		
Funds Expended	257,800	419,300
Year-End Fund Balance	771,500	692,200
Voluntary Vehicle Repair and Retrofit (EVA2365/A.R.S. § 49-474.03)		Non-Appropriated
Source of Revenue: Legislative appropriations, a \$10 fee on diesel vehicle registrations, gifts, grants and donations.		
Purpose of Fund: To provide monies for local programs intended to repair or retrofit vehicles that fail emissions tests.		
Funds Expended from the Arizona Clean Air Fund	0	0
Other Funds Expended	992,800	1,095,000
Year-End Fund Balance	1,608,000	1,363,000
Water Quality Assurance Revolving (WQARF) (EVA2221/A.R.S. § 49-282)		Non-Appropriated
Source of Revenue: Fees and taxes related to municipal water use, pesticides, fertilizers, hazardous waste, and groundwater withdrawal. As required by A.R.S. § 49-282, \$15,000,000 is to be transferred to WQARF from the Corporate Income Tax. The \$15,000,000 is adjusted at the close of the fiscal year so that when combined with other revenues the fund receives \$18,000,000 annually. This statutory transfer was suspended for both FY 2003 and FY 2004 in favor of a transfer amount of \$10,000,000.		
Purpose of Fund: For the operation of the WQARF Priority Site Remediation Program. Expenditures include administration, legal support, identification of responsible polluters, community involvement, and contract costs for the clean-up of sites for which no responsible party can be found. There is a transfer of up to \$800,000 to the Department of Water Resources for well inspection and data management and a transfer of up to \$350,000 to the Voluntary Remediation Fund. Although this fund is not appropriated, A.R.S. § 49-282 requires the Appropriations Committees to review the FY 2005 budget for WQARF.		
Balance Forward	14,498,400	9,513,000
General Fund/Transfers In	10,000,000	10,000,000
Other Revenue	7,502,600	8,044,000
Total Funds Available	32,001,000	27,557,000
Funds Expended from the General Fund	10,000,000	10,000,000
Other Funds Expended	11,672,000	10,481,400
Funds Transferred		
Department of Water Resources	600,000	500,000
Voluntary Remediation Fund	0	100,000
DHS Risk Assessment	216,000	0
Year-End Fund Balance	9,513,000	1,475,600
Water Quality Fee (EVA4100/A.R.S. § 49-210)		Appropriated
Source of Revenue: Legislative appropriations and fees received from several water quality protection programs.		
Purpose of Fund: To pay the costs of aquifer protection permit registration, dry well registration, technical review, inspections, and issuance of aquifer protection permits.		
Funds Expended	1,601,100	3,736,900
Year-End Fund Balance	273,600	107,900

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